

Vietnam Salary Calculations

QUICK GUIDE

(updated for salaries from January 2019)

Process for Calculating Employer Costs, Net Payments to Employees, and Payments to the Authorities

| EMPLOYER Costs & Calculations | EMPLOYEE Costs & Calculations | GOVERNMENT Share |
|---|--|---|
| <p>Salary Cost Calculation for the Employer is:</p> <p>Gross Salary for Employee</p> <p>Plus:</p> <p>Social Insurance* @ 17.5%</p> <p>Health Insurance* @ 3%</p> <p>Unemployment Insurance* @ 1%</p> <p>Equals: Total Salary Cost to Employer</p> <p><i>Notes:</i></p> <p>(1) *These Insurances are subject to caps on amounts to be paid. See reverse side for details</p> <p>(2) From 1 December 2018, foreign employees are subject to Social Insurance, with employers contributing 3.5%. This will increase to 17.5% effective from 1 January 2022</p> <p>(3) Foreign employees are not subject to Unemployment Insurance</p> <p>(4) Certain one-off bonuses and specific allowances may be excluded from insurance and/or tax calculations</p> <p>(5) Overtime rates can apply ranging from 150% to 390%.</p> | <p>Salary Received by an Employee is Calculated as:</p> <p>Gross Salary for Employee</p> <p>Less:</p> <p>Social Insurance* @ 8%</p> <p>Health Insurance* @ 1.5%</p> <p>Unemployment Insurance* @ 1%</p> <p>Equals: Taxable Salary</p> <p>Less: Personal Income Tax</p> <p>Equals: Total Cash Received by the Employee</p> <p><i>Personal Income Tax ("PIT") is based upon the PIT scales shown on the reverse side. The Personal Allowance and any Dependent Allowances are deducted from the Taxable Salary before calculating the applicable PIT</i></p> <p><i>Notes:</i></p> <p>(1) *These Insurances are subject to caps on amounts to be paid. See reverse side for details</p> <p>(2) From 1 December 2018, foreign employees are subject to Social Insurance, however employee contributions will only start from January 2022 when the full 8% applies</p> <p>(3) Foreign employees are not subject to Unemployment Insurance</p> <p>(4) Certain one-off bonuses and specific allowances may be excluded from insurance and/or tax calculations.</p> | <p>Contributions and Payments to Government Authorities:</p> <p>Amounts paid by the Employer and Employee:</p> <p>Social Insurance of: $17.5\% + 8\% = 25.5\%$</p> <p>Health Insurance of: $3\% + 1.5\% = 4.5\%$</p> <p>Unemployment Insurance of: $1\% + 1\% = 2\%$</p> <p>Plus:</p> <p>Personal Income Tax deducted from Employee, and based upon relevant PIT scales</p> <p>Total contribution/withholdings to the Government are remitted by the Employer for both Employer and Employee portions.</p> |

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Personal Income Tax (PIT)

Personal Income Tax rates (Resident Taxpayers)

| Tax Rate | Monthly Taxable Income (VND) | Maximum Tax in Bracket (Cumulative Tax including current Bracket) (VND) |
|----------|------------------------------|---|
| 5% | up to 5,000,000 | 250,000 |
| 10% | 5,000,001 - 10,000,000 | 500,000 (750,000) |
| 15% | 10,000,001 - 18,000,000 | 1,200,000 (1,950,000) |
| 20% | 18,000,001 - 32,000,000 | 2,800,000 (4,750,000) |
| 25% | 32,000,001 - 52,000,000 | 5,000,000 (9,750,000) |
| 30% | 52,000,001 - 80,000,000 | 8,400,000 (18,150,000) |
| 35% | 80,000,001 and above | |

Taxable Income for each employee, prior to calculating PIT, is further reduced by:

- *Personal Allowance* of 9,000,000 VND per month, and
- *Dependent Allowance* of an additional 3,600,000 VND per month for each registered dependent.

Social Insurance

Social Insurance is levied on the Gross Salary of the Employee as follows:

| | |
|-----------------|--------------|
| Employer | 17.5% |
| Employee | 8.0% |

The maximum monthly salary that is subject to Social Insurance is capped at 27,800,000 VND (being 20 times the *Minimum Basic Wage*, which is currently 1,390,000 VND per month).

Health Insurance

Health Insurance is levied on the Gross Salary of the Employee as follows:

| | |
|-----------------|-------------|
| Employer | 3.0% |
| Employee | 1.5% |

The maximum monthly salary that is subject to Health Insurance is capped at 27,800,000 VND (being 20 times the *Minimum Basic Wage*, which is currently 1,390,000 VND per month).

Unemployment Insurance

Unemployment Insurance is levied on the Gross Salary of the Employee as follows:

| | |
|-----------------|-------------|
| Employer | 1.0% |
| Employee | 1.0% |

The maximum monthly salary that is subject to Unemployment Insurance is capped at 20 times the *Minimum Monthly Wage* of the Zone the Employer is in. The Zone 1 minimum is 4,180,000 VND, which equates to a cap of 83,600,000 VND per month.

Minimum Wages

| Zone | Minimum Monthly Wage (VND) |
|--------|----------------------------|
| Zone 1 | 4,180,000 |
| Zone 2 | 3,710,000 |
| Zone 3 | 3,250,000 |
| Zone 4 | 2,920,000 |

Zones are designated by the Government. For example, Zone 1 covers areas including urban areas of Hanoi, Ho Chi Minh City and Hai Phong, along with certain industrial areas of Binh Duong and Dong Nai.